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U.S. Department
of Transportation
Federal Aviation
Administration

Docket #
11301

FAA-2002-11301-38

800 Independence Ave., S.W.
Washington, D.C. 20591

DEC 20 2002

Mr. Michael Dreikorn
Vice President, Regulatory and Compliance Integrity
Pratt & Whitney
United Technologies Corporation
400 Main Street
M/S 182-85
East Hartford, CT 06108

Dear Mr. Dreikorn,

Thank you for your comments of July 18, 2002. In order to help the FAA better analyze the substantive content of your comments, we request clarification of the following points regarding the cost impact of the FAA's proposed rulemaking changes:

1. On page 7, in calculating the testing costs for the 4,500 manufacturing employees who would be added to Pratt & Whitney Aftermarket Services testing pool, you estimate:
 - \$784,000 for additional initial pre-employment testing costs; and
 - \$137,000 for random testing costs.

In addition, for the 1,000 additional covered employees in Non-PW UTC repair stations:

- \$174,000 for additional initial pre-employment testing costs; and
- \$31,000 for random testing costs.

Your letter did not specify what the testing costs are per test; assuming that the same costs for the pre-employment and all random testing yields a per test cost of about \$175; the FAA requests documentation of these costs. In addition, you identify 4,500 employees who work for Pratt and Whitney in its manufacturing area and who would be covered. What is the total number of employees involved in the manufacturing area? What percentage of the total work in that manufacturing operation is the result of maintenance-related work sent by your part 145 certificate holder? We request documentation of these numbers.

2. On page 8, you list the following costs as the estimated initial UTC administrative costs for subcontractors:
 - \$1,896,000 in initial costs for 316 subcontractors with part 145 Certificates (or \$6,000 per subcontractor);

- \$192,000 in initial costs for 16 subcontractors - original equipment manufacturers (or \$12,000 per subcontractor);
- \$408,000 in initial costs for 34 subcontractors - non-certificated entities (or \$12,000 per subcontractor); resulting in
- \$2,196,000 in recurring costs for all 366 subcontractors

Hence, the total subcontractors first year costs sums to \$4,692,000, with \$2,496,000 million coming in the form of initial costs.

The FAA would like to know the cost components that added up to these numbers, including:

- Are any of the 316 subcontractors with part 145 certificates currently covered? The costs should not be included for the currently-covered subcontractors.
- Why the cost per contractor is twice as high for the original equipment manufacturers and non-certificated entities as compared to the part 145 certificate holders;
- The number of workers who would be involved at each subcontractor or category of subcontractor;
- The number of hours that each of the above personnel would need to spend on each set of tasks - both initial and recurring;
- The wage rates of these personnel; and
- Other costs, such as new equipment and training for such equipment.

In addition, the FAA would like any additional documentation that could be used to support this data.

In both sets of figures, you include both initial and recurring costs as costs incurred in the first year of compliance with the rule. Please explain your rationale for including both sets of costs in the initial year of compliance.

The FAA intends to adjust its economic analysis for this rulemaking and consider possible adjustments to the proposed rule in response to your comments. However, in order to do this, the FAA needs you to answer the above questions and send them to us not later than 30 days after the date of this letter. Otherwise, the FAA will not be able to use some of the information that you provided in your comments to this proposed rule.

Sincerely,



Thomas C. Smith

Manager, Operations Regulatory Analysis Branch, APO-310